

Wasaga Distribution Inc. (Wasaga Distribution)

2019 IRM Application

EB-2018-0073

Application Analysis

October 30, 2018

Staff Question #1

Ref: A portion of Sheet 3 “Continuity Schedule” is reproduced below

The table from Wasaga Distribution’ 2016 cost of service Decision¹ which identified the principal and interest amounts approved for disposition, is reproduced below.

		2015			Projected Interest on Dec-31-1	
Account Descriptions	Account Number	Interest Disposition during 2015 - Instructed by Board	Closing Principal Balances as of Dec 31-14 Adjusted for Dispositions during 2015	Closing Interest Balances as of Dec 31-13 Adjusted for Dispositions during 2014	Projected Interest from Jan 1, 2015 to December 31, 2015 on Dec 31 -14 balance adjusted for disposition during 2014 ¹	Projected Interest from January 1, 2016 to April 30, 2016 on Dec 31 -14 balance adjusted for disposition during 2015 ²
Group 1 Accounts						
LV Variance Account	155	\$1,743	\$71,215	\$416	\$1,618	\$261
Smart Metering Entity Charge Variance Account	155	\$271	\$5,252	\$20	\$2	\$19
RSVA - Wholesale Market Service Charge	155	-\$2,295	\$1,286	\$824	-\$943	\$5
RSVA - Retail Transmission Network Charge	155	\$1,687	-\$84,692	-\$1,286	-\$484	-\$311
RSVA - Retail Transmission Connection Charge	155	-\$1,945	-\$199,400	-\$1,190	-\$3,536	-\$731
RSVA - Power (excluding Global Adjustment)	155	-\$1,924	-\$62,600	-\$2,487	-\$1,248	-\$230
RSVA - Global Adjustment	155	\$12,217	\$252,189	\$692	\$8,114	\$925
Disposition and Recovery/Refund of Regulatory Balances (2008)	155	\$0	\$0	\$0	\$0	\$0
Disposition and Recovery/Refund of Regulatory Balances (2009)	155	\$0	\$0	\$0	\$0	\$0
Disposition and Recovery/Refund of Regulatory Balances (2010)	155	\$75,248	\$0	-\$1,737	\$1,737	\$0
Disposition and Recovery/Refund of Regulatory Balances (2011)	155	\$0	-\$315,948	\$12,319	-\$3,768	-\$1,158
Disposition and Recovery/Refund of Regulatory Balances (2012)	155	\$0	-\$210,044	-\$129,743	-\$2,505	-\$770
Disposition and Recovery/Refund of Regulatory Balances (2013)	155	\$0	\$0	\$0	\$0	\$0
Disposition and Recovery/Refund of Regulatory Balances (2014)	155	\$0	-\$426,104	-\$48,382	-\$5,081	-\$1,562
Group 1 Sub-Total (including Account 1589 - Global Adjustment)		\$85,002	-\$979,348	-\$170,593	-\$8,096	-\$3,591
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)		\$72,785	-\$1,231,536	-\$171,285	-\$14,209	-\$4,516
RSVA - Global Adjustment	155	\$12,217	\$252,189	\$692	\$8,114	\$925

- a) OEB staff notes that the “OEB-Approved Disposition during 2016” and “Interest Disposition during 2016 – instructed by OEB” do not reconcile with the approved amounts in the 2016 cost of service Decision.

Please reconcile differences. If the input into the Rate Generator Model is an error please provide corrections and OEB staff will make the necessary changes to the model.

¹ EB-2015-0107

		2016				
Account Descriptions	Account Number	OEB-Approved Disposition during 2016	Principal Adjustments ¹ during 2016	Closing Principal Balance as of Dec 31, 2015	Opening Interest Amounts as of Jan 1, 2016	Interest Jan 1 to Dec 31, 2016
Group 1 Accounts						OEB-Approved Disposition during 2016
LV Variance Account	1550	71,215		387,475	0	5,504
Smart Metering Entity Charge Variance Account	1551	(5,251)		(9,340)	0	(167)
RSVA - Wholesale Market Service Charge ⁵	1580	1,286		(289,476)	0	(2,906)
Variance WMS – Sub-account CBR Class A ⁵	1580			0	0	
Variance WMS – Sub-account CBR Class B ⁵	1580	0		28,935	0	462
RSVA - Retail Transmission Network Charge	1584	(84,691)		154,427	0	(1,110)
RSVA - Retail Transmission Connection Charge	1586	(159,401)		(219,854)	0	(7,021)
RSVA - Power ⁴	1588	(62,600)		(551,637)	0	(7,913)
RSVA - Global Adjustment ⁴	1589	252,189		(144)	0	7,002
Disposition and Recovery/Refund of Regulatory Balances (2012) ³	1595			(161,259)	48,099	519
Disposition and Recovery/Refund of Regulatory Balances (2013) ³	1595			(542,594)	(10,164)	(5,850)
Disposition and Recovery/Refund of Regulatory Balances (2014) ³	1595			118,023	(50,828)	75,711
Disposition and Recovery/Refund of Regulatory Balances (2015) ³	1595			90,386	87,884	(24,427)
Disposition and Recovery/Refund of Regulatory Balances (2016) ³	1595	9,474		(10,719)	0	(96)
Disposition and Recovery/Refund of Regulatory Balances (2017) ³	1595			0	0	
Disposition and Recovery/Refund of Regulatory Balances (2018) ³	1595			0	0	
<i>Not to be disposed of until a year after rate rider has expired and that balance has been audited</i>				0	0	

WDI Response:

WDI acknowledges that there was an entry error for Account 1550- LV Variance Account. The correct amount should have been \$2,295.36 instead of \$1,878.90. WDI has made the correction to the Rate Generator Model – Continuity Schedule. WDI does note that in allocating the dispositions to the 1595 Sub-Account that the amount of \$1,878.90 was actually entered and the difference of \$416.46 will now be a variance on the Continuity Schedule.

Staff Question #2

Ref: Tab 3 Continuity Schedule

Per Appendix A of the *Chapter 3 Filing Requirements for Electricity Distribution Rate Applications for 2018 Rate Applications*, “Any vintage Account 1595 Sub-Account is to be disposed only once, on a final basis. No further dispositions of these accounts are expected thereafter unless justified by the distributor”.

Wasaga Distribution is requesting disposition of account 1595-2012 credit balance of \$110,857 and account 1595-2014 debit balance of \$145,086.

- Please confirm whether Wasaga Distribution has requested disposition of these sub accounts previously.
- When did the rate riders relating to IRM cease?
- What audited financial statements did Wasaga Distribution base these dispositions on previously and what do the balances pertain to?
- Please explain why these amounts have not been written off.

WDI Response:

WDI has not written of these disposition accounts before. WDI believes that Staff is referring to WDI's 2016 Cost of Service Application where the balances for 1595-2012 and 1595-2014 were entered into the EDDVAR Continuity Schedule (Tab 2). However, WDI would like staff to look at the same Continuity Schedule (Tab 5) – Allocation of Balances, where no allocation has been completed for these accounts. Therefore, WDI has not asked for disposition of these accounts before this Rate Application.

		Amounts from Sheet 2	Allocator	RESIDENTIAL	GENERAL SERVICE LESS THAN 50 KW	GENERAL SERVICE 50 TO 4,999 KW	UNMETERED SCATTERED LOAD	STREET LIGHTING
LV Variance Account	1550	73,511	kWh	51,134	9,887	12,009	128	353
Smart Metering Entry Charge Variance Account	1551	(5,290)	# of Customers	(4,976)	(314)	0	0	0
RSVA - Wholesale Market Service Charge	1580	1,172	kWh	837	162	165	2	6
RSVA - Retail Transmission Network Charge	1584	(86,773)	kWh	(60,359)	(11,670)	(14,175)	(151)	(417)
RSVA - Retail Transmission Connection Charge	1586	(204,858)	kWh	(142,499)	(27,552)	(33,466)	(356)	(985)
RSVA - Power (excluding Global Adjustment)	1588	(66,565)	kWh	(47,549)	(9,194)	(9,375)	(119)	(329)
RSVA - Global Adjustment	1589	261,919	Non-RPP kWh	36,557	26,054	191,995	0	7,313
Disposition and Recovery/Refund of Regulatory Balances (2008)	1595	0	%	0	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2009)	1595	0	%	0	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2010)	1595	0	kWh	0	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2011)	1595	(308,553)	%	0	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	(343,062)	%	0	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595	0	%	0	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595	(481,129)	%	0	0	0	0	0
Total of Group 1 Accounts (excluding 1589)		(1,421,547)		(203,411)	(38,682)	(44,842)	(496)	(1,372)

Staff Question #3

Ref: Additional Documentation dated October 24, 2018 and 1595 Workform

Wasaga Distribution has requested disposition of residual balances in Account 1595, Sub-accounts 2011, 2012, 2013, 2014, 2015 and 2016. Balances in several of these sub-accounts are large. Wasaga Distribution has not provided completed 1595 Workforms for any of the rate riders as required per the 2019 Chapter 3 Filing Requirements.

- a) Please provide completed 1595 Workforms for all rate riders, ensuring that Step 3 is completed in the model.
 - i) 2011 Workform should include one rate rider as approved. This analysis must not be combined on the same form as the 3 rate riders for 2013 dispositions (i.e. Account 1595 (2013)).
 - ii) 2013 Workform should include an analysis for all 3 rate riders, i.e. one for the reversal of rate rider previously approved in 2011, and 2 new rate riders.
 - iii) All other rate riders should also be completed in accordance with the Filing Requirements (where the residual is 10% or more of the original disposition amount).

WDI Response:

In discussion with Board Staff it has now been agreed that the information previously provided is sufficient for part a)i) and ii). WDI had a model which was flawed as the Sections did not open when the greater than 10% parameter was reached. WDI has completed part iii) of this request and resubmitted the 1595 Workform Spreadsheet.

Staff Question #4

Ref: GA Analysis Workform

Wasaga Distribution has not completed columns G and H for previous and current month's unbilled amounts. Also, there are no reconciling items shown for the year-end unbilled adjustments.

- a) Does Wasaga Distribution bill its customers on calendar month basis?
- b) Given that the billings are generally not completed until two or three months after the year-end, how long does Wasaga Distribution keep its books open to record billings for all of the consumption for the year in that year (i.e. all revenues are recorded in the year of consumption)?

WDI Response:

- a) WDI does bill its customers on a calendar month basis.
 - b) All revenues are recorded in the year of consumption. WDI keeps its books open usually until the end of February to make any accruals and 1598 Reconciliation adjustments necessary.
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Additional Information;

1. WDI discovered that the Continuity Schedule for Disposition and Recovery/Refund of Regulatory Balances (2012) was originally submitted incorrectly. WDI has revised Line 31 of the Continuity Schedule to reflect the proper balances. WDI will also make any necessary changes to the 1595 Workform.
2. WDI recognizes that it is requesting the disposition for several 1595 Sub-Accounts with some of these sub-accounts having large balances. WDI has seen a severe decline in our Residential Retailer Customers (non-RPP) since some of these Rate Riders were originally formulated. WDI is proposing to combine all of the 1595 sub-accounts out of the model and develop a Rate Rider specific to the

total of those accounts for Group 1 DVA's excluding 1589 and 1589 GA. This would allow for a combined disposition that would not create unfavourable inequity to one class. WDI has provided the data in tables on the following page to demonstrate the calculations that have given rise to this proposal.

WDI is proposing a Rate Rider that goes over a two year disposition period in order to minimize rate impacts to the year that the Rate Riders disappear. WDI ran the Bill Impact table with these specific Rate Riders over one year which produced several customer classes with bill impacts greater than or equal to **-20%**. The Bill Impact table for two years is reproduced on the following page.

WDI Proposed Rate Riders for 1595 Sub-Accounts

Proposed Rate Riders						
PRINCIPAL & INTEREST			171,558.65			
BILLING DETERMINANTS FOR RATE RIDERS:						
Group 1 DVA Excluding 1589	kWh	kW	kWh Allocn %	Allocn to Class	Rate Rider (one year)	Proposed Rate Rider (two years)
Residential	87,878,523		0.6893	118,262.40	0.0013	0.0007
General Service Less Than 50 kW	17,031,696		0.1336	22,920.38	0.0013	0.0007
General Service 50 to 4,9999 kW	18,861,071	54,997	0.1480	25,382.26	0.4615	0.2308
Wholesale Market Participant	2,803,203	5,558	0.0220	3,772.41	0.6787	0.3394
Unmetered Scattered Load	148,721		0.0012	200.14	0.0013	0.0007
Street Lighting	758,728	2,244	0.0060	1,021.06	0.4550	0.2275
TOTAL	127,481,942	62,799		171,558.65		
BILLING DETERMINANTS FOR RATE RIDERS:			-577,599.13			
1589 GA	kWh	kW	kWh Allocn %	Allocn to Class	Proposed Rate Rider (one year)	
Residential	1,675,850		0.0882	-50,948.28	-0.0304	-0.0152
General Service Less Than 50 kW	1,460,192		0.0769	-44,391.97	-0.0304	-0.0152
General Service 50 to 4,9999 kW	15,104,290	49,439	0.7950	-459,192.44	-9.2881	-4.6441
Unmetered Scattered Load	0		0.0000	0.00	0.0000	0.0000
Street Lighting	758,728	2,244	0.0399	-23,066.44	-10.2792	-5.1396
TOTAL	18,999,060	51,683		-577,599.13		

WDI Bill Impact Table (Proposed Rates)

RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Units	Sub-Total						Total	
		A		B		C		Total Bill	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ (0.39)	-1.7%	\$ (9.61)	-35.1%	\$ (9.85)	-27.3%	\$ (10.35)	-9.8%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kWh	\$ 0.58	1.3%	\$ (24.22)	-43.5%	\$ (24.87)	-32.6%	\$ (26.11)	-10.0%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ 19.35	1.2%	\$ 146.15	10.0%	\$ 112.34	4.3%	\$ 126.94	0.5%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kWh	\$ 0.07	1.1%	\$ 0.95	12.3%	\$ 0.87	8.4%	\$ 0.98	2.7%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ 62.04	1.2%	\$ (525.70)	-10.6%	\$ (536.46)	-10.1%	\$ (606.20)	-5.1%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 1.92	9.2%	\$ (0.38)	-1.7%	\$ (0.44)	-1.8%	\$ (0.46)	-1.1%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 1.92	9.2%	\$ (0.64)	-2.8%	\$ (0.70)	-2.8%	\$ (0.79)	-1.5%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ (0.39)	-1.7%	\$ (10.66)	-36.7%	\$ (10.90)	-28.9%	\$ (12.32)	-8.8%

All of which is respectfully submitted.